women and people living in hilly areas. Poor people should be given the subsidy; it should not be for each and every one of us.

DR. (SHRIMATI) BHARATI RAY: Sir, obviously, there is national iodine deficiency and steps are being taken in this regard. But, as has already been mentioned, 167 million people in India run the risk of IDD. With continuous depletion of iron from natural resources, it is essential to iodise the edible salt. And, as I understand, the Government of India had made a commitment to iodise the entire edible salt by 31st December, 1992. That has not been done. So, my questions in this context, are: (a) As Dr. Murthy said before me. is it true that even in the national capital itself, a very large number of families use non-iodised salt, plain salt, because it is cheaper and what are the steps being taken to enforce the ban?

Secondly, Sir, has any survey been made about the number of children in this country who suffer from iodine deficiency, and if so, what are the details, please?

SHRI SALEEM IQBAL SHERVANI: Sir, we have not made any separate survey covering children, but we have made surveys covering whoever has been affected by iodine deficiency. So, we cannot say that we have specifically done the survey for women or specifically for children. But, we have done it as a general survey and this survey is a continuous process. As I said, we keep on adding abot 30-35 districts every year in our survey. But, sometimes the reason why we lack is that more and more districts keep coming. We did a survey in Orissa in three districts. In that very area, now nine districts have come out of those three districts. So, more and more districts are being added. We are now continuing with our survey of 30-35 districts. At the same time, regarding enforcing our ban, we do take up the matter with the State Governments wherever from we hear that the ban is not being followed in totality and our team is there to continuously monitor about sale of iodised salt through whichever outlets they are having.

Black-Listing of 'Shaw Wallace and Company Limited'

*523. SHRI JIBON ROY: Will the MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that 'Shaw Wallace and company Limited' has been black-listed by many financial institutions including Reserve Bank of India;

(b) if so, the reasons therefor;

(c) whether it is also a fact that those having public deposit with the company are not getting even the interest on their deposit; and

(d) if so, what action has been taken by Government in this regard so far?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) and (b) The Reserve Bank of India (RBI) has reported that it has not evolved any system under which the borrowers of banks and financial institutions are black-listed and as such the question of black listing of Shaw Wallace and Company Ltd. does not arise.

(c) A number of complaints have been received against Shaw Wallace and Company Ltd. regarding non-payment of deposits on maturity and interest thereon.

(d) According to available information, the Company Law Board (Eastern Region) has admitted six applications under Section 58A (9) of the Companies Act, 1956 against Shaw Wallace and Company Ltd. for non-payment of deposits by it.

The Central Government has made a reference to the Principal Bench of the Company Law Board under Section 408 of the Companies Act, 1956 on 6th September, 1996 seeking an order for the appointment of eight directors on the Board of the Company for a period of three years to effectively safeguard the interests of the company, its shareholders and/or the public interest.

SHRI JIBON ROY: Mr. Chairman, Sir, Shaw Wallace case is a typical case to indicate how a section of NRIs, maybe, multinationals also, are taking advantage of the flaws in the Company Law, dilution of the FERA and the reforms. They have sought to take over or make vulnerable a number of Indian companies. Shaw Wallace is a 101 year-old company and in its 50 years of corporate history it is one of the famous companies in our country. One Mr. M.R. Chabria taking control of 30 per cent shares in 1987, took management of the company. After the introduction of reforms, Mr. Chabria promoted/floated a number of fake companies and got those companies purchased back by the Shaw Wallace Company and declared them subsidiaries of the Shaw Wallace Company. He profusely transferred money from many companies to these subsidiaries and then de-subsidiarised those floated companies. He made both the Shaw Wallace and these subsidiary companies as loss-making companies and that money has flown from our country to outside. Now, a number of employees federations have filed a case before the Company Law Board and I am happy that the Government of India has also taken steps in this direction and proposed appointment of eight directors in the company.

MR. CHAIRMAN: Please sum up.

SHRI JIBON ROY: Here I am not raising other questions which may prejudice the inquiry. I want only two assurances from the hon. Minister. Firstly, stringent action would be taken against the people who have violated the law of the land, including those directors who are appointed by the Government on the Board. This is part (a) of my question. Part (b) of my question is this. Will the Government see to it that the interests of the shareholders ----------30 per cent shares are of the Government of India, financial institutions, 30 per cent shares are of the employees, common public and consumers---------are protected?

SHRI P. CHIDAMBARAM: Sir, answer to part (a) is, as the hon. Member is aware, action has been taken and the hon. Member knows the action that I have taken on the representations made to me and on the information that was brought to my notice. Some other agencies of the Government of India are also taking action. Answer to part 'b' is: yes, the interest of workers and other shareholders will be protected.

SHRI JIBON ROY: This NRI took the advantage of two flaws. The existing Companies Act provides that any subsidiary can buy bulk shares of the parent company. They took advantage of this. They bought bulk shares and de-subsidiarised the company. The second flaw was the dilution of the FERA. Now 100 per cent repatriation is possible. I would like to know whether in view of this experience, Government would consider plugging these two flaws.

SHRI P. CHIDAMBARAM: I have no information at present on the first problem that the hon. Member brings to my notice. I will look into the matter. If there is a loophole in the Company Law, we will try to plug it. As I said, a new Company Law is being drafted and I will keep that suggestion in mind. On suggestion No. 2, there is no proposal to prevent repatriation of either dividends or earnings. I think it is a part of the reform policy and it is the right policy that earnings and dividends must be repatriated by foreign investors. If anybody is violating the FERA, that is a different issue.

SHRI SATISH AGARWAL: First I wish to compliment the Finance Minister and through him his department's officials who conducted raids on the Chabrias in Calcutta, Bombay, Madras and other places. A lot of documents pertaining to hawala transactions had been seized. I compliment you and your department for all this. You have stated in parts 'a' and 'b' of your answer that the Reserve Bank has not evolved any system under which the borrowers of banks and financial institutions are blacklisted. Why don't you evolve this system yourself? The financial institutions and the banking sector are going to rags. We are very well aware and you are very well aware that the banking sectors non-performing assets are Rs. 35,000 crores. These are big companies. They are devouring the deposits of the public by not paying to the depositors. They are devduring public money of the financial institutions and banks. You are not taking any action. You are not even blacklisting them. What has happened to the Indian Bank in Madras? A loss of Rs. 1400 crores was reported in the case of the Indian Bank. The CBI has registered a case. They inquired into it and sent a report to the Finance Ministry. I say that the Finance Ministry is sitting tight over it. They are not giving sanction to the CBI to prosecute the former Chairman of the Indian Bank. Why is it so?

This matter is pending since 1992 and you are giving extension after extension to such defaulting officer. Your banks and your financial institutions will go to rags. This is a very grave situation. In Question No. 540, I had asked about financial institutions. A lot of bungling has taken place. I asked about the CBI inquiry. You said that the matter is under active consideration. What is this after all? In the case of all these banks, particularly, the Indian Bank, there is a loss of Rs. 1400 crores. You are not taking any action. There may be some political compulsions because TMC people are involved in it. What is the position? The CBI has made inquiries and has reported to the Finance Ministry. It has sought the Finance Ministry's approval for going ahead in the matter and the Finance Ministry is unfortunately sitting tight over it for the last three years. What is the position in this regard?

SHRI P. CHIDAMBARAM: Sir, this question deals with Shaw Wallace Company. I must compliment the hon. Member for the ingenuity with which he has brought in a completely different question. But if he believes that I will take umbrage or I will take offence for the references which were made, which I believe are totally irrelevant, I assure him, I will not take offence. I will answer every question on the Indian Bank. I assume that when he said "the Finance Minister and the Finance Ministry," he was referrring to it in the abstract and not referring to me as a person.

This Government took office on the 1st June, 1996 and I am taking action on the basis of matters brought to my notice after the 1st June, 19%. But, I am answerable and I am accountable in a constructive way for all that my Ministry did even prior to the 1st June, 1996 and I will answer when questions are put to me. Since this question confines itself to Shaw Wallace, the supplementary which is relevant is the supplementary arising out of part (a), why there is no blacklisting. That is the issue. Well, Sir, the answer is what I have given. The RBI does not have a system of blacklisting companies but they have a system known as 'group approach.' When accounts of some companies belonging to a set of companies become either sticky or they become substandard or loss accounts and reach a stage called 'suit filed case,' then the lending institutions usually act in a consortium fashion and take to what is known as 'group approach' and the whole group is then not allowed to borrow any more from any of the banks. Now, as far as Shaw Wallace is concerned, the suit filed stage has reached in three cases in 1995 and it may reach that stage in one

case in 1996. The term lending institutions no longer lend to Shaw Wallace or its subsidiaries. The consortium is now looking into the matter, whether the group approach should be applied. When the group approach is applied, if it is applied and when it is applied, none of the companies in the group will be able to borrow any more from the consortium. This is the closest that we have, to what the hon. Member would like to call 'blacklisting.' I think, blacklisting has serious implications, both for the healthy companies in the group and the workers of the healthy companies in that group, the share holders, the employees, the product and the market. I am looking into it. I am not saying I am familiar with all the aspects of the Finance Ministry in the 101 days that I am in office. I am looking into this question. I will hold discussions with the Reserve Bank and banks about how to take more stringent action against defaulting groups or defaulting companies in groups. But the policy today, which I have not changed or modified, is that we do not have black listing, but, we have a group approach,

SHRI SATISH AGARWAL: Why is the Finance Ministry sitting tight over giving sanction to the CBI for prosecution in the Indian Bank case?

SHRI P. CHIDAMBARAM. Since it is an irrelevant question I will not give a long answer. The short answer is, my learned friend's suggestion is wrong.

SHRI R.K. KUMAR: My question to the hon. Minister pertains to Shaw Wallace. Does the Ministry know that Shaw Wallace has in its possession very valuable buildings and real estate? In the last six months there have been attempts to sell the properties to the detriment of the shareholders. One such case in Madras is of a very valuable old building disposed of in Thambuchetty Street. A huge advance has been taken while it has been mortgaged to some bank. If the Ministry does not know, I would like to request the hon. Minister to look into it and take action.

SHRI P. CHIDAMBARAM: Sir, I am not aware of the case. Now that it is brought to my notice, I will ask the bank to look into it. The hon. friend knows the law as well as I do. If it is subject to mortgage, if anybody wants to sell it, it is subject to the charge of the mortgage and the mortgage will surely take action.

SHRI R.K. KUMAR: Not that. My point was that real consideration is not going to the company which is detrimental to the shareholders. The Government-appointed director or whosoever is there in Shaw Wallace should safeguard the interest of the shareholders. Real consideration of these properties should go back to the company.

SHRI P. CHIDAMBARAM: Sir, it is in order to safeguard the interest that very swift action has been taken in the last three weeks. I am glad that some hon. Members have appreciated the swift and sweeping action that has been taken. Please have faith in me. Action is being taken and action will be taken.

SHRI JAYANT KUMAR MALHOUTRA: I compliment the hon. Finance Minister for the prompt action he has taken. I would like him to look back and see how these companies have raised money. Most of these FERA companies, blue-chip companies were bought with money borrowed from abroad at a very low rate of interest. The dividends of these companies that acrue to the buyers do not even cover the interest. So, it was inherent that large chunks of money would be siphoned out of these companies under Hawala as we have seen happening in the last ten or fifteen years since these companies have been taken over. I would like him to pay regard to the fact that in future when companies of this kind are taken over or when any such take-over takes place, some kind of serious investigation is done

before approval is given for these takeovers.

SHRI P. CHIDAMBARAM: Sir, I will keep his suggestion in mind.

SHRI TRILOKI NATH CHATURVEDI: Since the Minister has already referred to the 'group approach' and that was the thing I just wanted to know from him. I have nothing more to ask about the Shaw Wallace. But, I would like to know whether any action has been taken against any of the companies, in view of this 'group approach' during the last two years or so. If the hon. Minister does not have information in this regard at the moment, I can well understand it. But, has any action really been taken because what I have read in the Press at times is that no action has been taken under this 'group approach'?

SHRI P. CHIDAMBARAM: Sir, suits have been filed in three cases. All these have been published by the Reserve Bank of India in what is known as 'suit filed account' as on 31st of March, 1995. The Reserve Bank has not published the 'suit filed account' as on 31st March, 1996. Therefore, I am disabled under the Act from disclosing any further information until the Reserve Bank publishes its 'suitfiled accounts'.

SHRI TRILOKI NATH CHATURVEDI: There may be cases ...*(Interruptions)*... There may be cases where this group appoach can really be applied effectively.

SHRI P. CHIDAMBARAM: I said the 'group approach', the application of this 'group approach' is under consideration.

SHRI TRILOKI NATH CHATURVEDI: after these suits ...*(Interruptions)*...

SHRI ASHOK MITRA: Sir, I have to compete with the clock. ...*(Interruptions)*... Sir, I repeat the sentiments expressed by some of my colleagues and congratulate the Finance Minister for the steps that he has taken. But, I have one lingering doubt of dissatisfaction about the manner in which this whole thing has been done. Sir, we have the Company Law Board; we have the Ministry of Finance; and, we have the Reserve Bank of India on the one side. On the other side, we have the general public; we have the workers; and we have the shareholders. For the past half a dozen of years, complaints after complaints have been aired in the public, in the newspapers and there have been letters and representations. But, nothing has moved the authority whatsoever. All I want to enquire from the Finance Minister is in the light of the experience that he has gained—we all have gained—whether there will be any internal institutional arrangements whereby when compalints are registered by the public, they are taken at their face value and that there should not be any inherent bias whenever the public makes a representation against a particular company. It should not be that merely because it is supposed to be an affluent company, the complaint should not be listened to.

MR. CHAIRMAN: The Question Hour is over. ...*(Interruptions)*...

WRITTEN ANSWERS TO QUESTIONS,

Representation pending for coverage of retired employees under Bank's Pension Regulations

*524. SHRI JOY NADUKKARA: Will the Minister of FINANCE be pleased to refer to the answer to Unstarred Question 2259 given in the Rajya Sabha on 27th August, 1996 and state:

(a) whether there is any representation pending before Government demanding coverage for employees retired prior to 1st January, 1986 under the Bank's Pension Regulations of 1995; and

(b) the reaction of Government thereto?